

Message Text

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UNCLAS CAIRO 17377

E.O. 11652: N/A
TAGS: AFIN, EG
SUBJECT: EMBASSY OPERATING ACCOUNT

REF: (A) STATE 301951, (B) CAIRO 16774

1. EMBASSY WOULD BE PLEASED TO EXPLORE FEASIBILITY OF TRANSFERRING EMBASSY OPERATING ACCOUNTS TO ONE OR MORE OF THREE JOINT VENTURE BANKS WITH US EQUITY AND MANAGERIAL PARTICIPATION NOW OPEN IN CAIRO (ADDITIONAL JOINT VENTURE WITH US INTERESTS IS EXPECTED TO BEGIN OPERATIONS IN EARLY 1977). IT IS OPEN TO QUESTION, HOWEVER, WHETHER SERVICE EQUAL TO THAT PROVIDED BY EGYPTIAN BANK MISR WOULD BE AVAILABLE OVER NEAR TERM. TWO EMBASSY OPERATING ACCOUNTS HAVE BEEN HELD IN BANK MISR SINCE MAY 1972. THAT INSTITUTION HAS BECOME FULLY COGNIZANT OF EMBASSY AND RFC PROCEDURES AND GENERALLY HANDLES USG TRANS-ACTIONS EXPEDITIOUSLY. WHILE THREE JOINT VENTURE BANKS (AND FOURTH INSTITUTION IN PROCESS OF FORMATION) PRESUMABLY COULD ADMINISTER ACCOUNTS EFFECTIVELY, INITIAL APPROACHES WOULD HAVE TO BE MADE ON THEIR WILLINGNESS TO INSTITUTE RFC-RELATED PROCEDURES, AND BREAKING-IN PERIOD MIGHT BE REQUIRED DUE TO THEIR RELATIVE NEWNESS ON LOCAL BANKING SCENE.

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2. AS DEPARTMENT AND TREASURY ARE AWARE, TWO OF THESE JOINT VENTURES (CHASE NATIONAL AND EGYPTIAN AMERICAN) HAVE BEEN DESIGNATED USG DEPOSITARIES AND LE TEN MILLION IN USG TIME DEPOSIT FUNDS TRANSFERRED TO EACH. REQUEST FOR SUCH DESIGNATION FOR THIRD BANK (MISR

INTERNATIONAL) IS PENDING DECISION IN WASHINGTON
(REF B). EMBASSY IS NOT CLEAR, HOWEVER, WHETHER
FORMAL DESIGNATION AS USG DEPOSITARY EQUATES WITH
DEFINITION OF "AMERICAN FINANCIAL INSTITUTION"
OR CONFERS SUCH STATUS ON BANKS SO DESIGNATED FOR
PURPOSES OF TITLE 31 U.S.C. SECTION 473. ALL THREE
JOINT VENTURE BANKS UNDER QUESTION HAVE US MANAGEMENT
ARRANGEMENTS, BUT ALL THREE HAVE MINORITY US
OWNERSHIP AND ARE CONSIDERED TO BE EGYPTIAN BANKS
UNDER LAWS OF EGYPT. PLEASE ADVISE.

3. IF JOINT VENTURE BANKS IN THESE CIRCUMSTANCES
ARE AMERICAN FINANCIAL INSTITUTIONS UNDER US LAW,
QUESTIONS COULD CONCEIVABLY ARISE ON ALLEGED
FAVORITISM UNLESS EMBASSY WERE TO OPEN OPERATING
ACCOUNTS IN EACH ONE PREPARED TO OFFER APPROPRIATE
SERVICES. WOULD APPRECIATE GUIDANCE ON THIS
POINT.
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